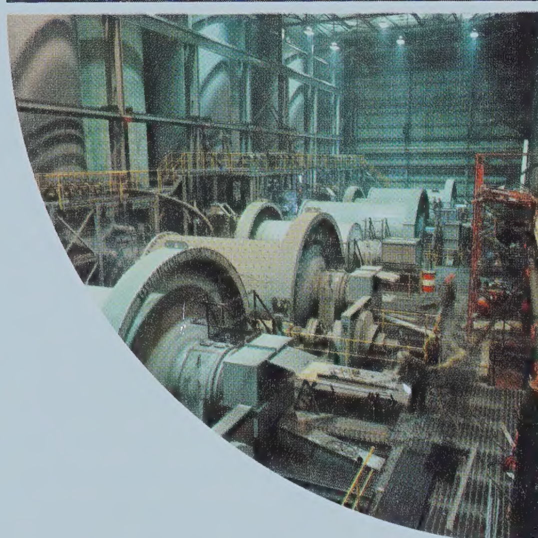
FALCONBRIDGE
NICKEL MINES LIMITED

ANNUAL REPORT 1967



ANNUAL MEETING

Thursday, April 25, 1968
10:00 a.m. (Toronto Time)
Confederation Room,
Royal York Hotel
Toronto, Ontario

HIGHLIGHTS

	1967	1966
Nickel deliveries — pounds	74,754,000	78,963,000
Metal sales and other operating revenues	$ 94,442,000	$ 92,495,000
Income from investments	$ 16,842,000	$ 23,209,000
Earnings for the year	$ 25,792,000	$ 27,725,000
Shares outstanding	4,904,064	4,895,000
Earnings per share	$5.26	$5.66
Dividends per share	$3.50	$3.50
Working capital	$ 1,357,000	$ 32,773,000
Market value of investments	$196,302,000	$170,610,000

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FALCONBRIDGE NICKEL MINES LIMITED 7 KING STREET EAST, TORONTO 1, ONTARIO, CANADA

DIRECTOR EMERITUS

THAYER LINDSLEY,
President, Northfield Mines Inc.

DIRECTORS

REGINALD CAMPBELL,
Senior Vice-President

C. F. H. CARSON, Q.C.,
Partner, law firm of Tilley, Carson, Findlay & Wedd

*M. A. COOPER,
President, McIntyre Porcupine Mines Limited

O. D. COWAN,
Chairman of the Board and President,
Ontario Steel Products Company Limited

W. G. DAHL,
Vice-President Marketing

*H. J. FRASER,
President and Managing Director

E. L. HEALY,
Executive Vice-President Operations

*W. F. JAMES,
Partner in James, Buffam and Cooper, Consulting Geologists

*H. B. KECK,
President, The Superior Oil Company

L. J. McGOWAN,
Chairman of the Board, Taylor Woodrow of Canada Limited

*R. B. WEST,
Chairman of the Board,
The Boiler Inspection and Insurance Company of Canada

**Member of the Executive Committee*

OFFICERS AND CORPORATE MANAGEMENT

President and Managing Director	H. J. FRASER
Vice-President Metallurgy and Research	F. R. ARCHIBALD
Senior Vice-President	REGINALD CAMPBELL
Vice-President Marketing	W. G. DAHL
Vice-President Western Minerals Division	D. R. DeLAPORTE
Executive Vice-President Operations	E. L. HEALY
Vice-President Nickel Division	D. R. LOCHHEAD
Vice-President Industrial Minerals Division	J. J. MATHER
Vice-President Exploration and Development	G. P. MITCHELL
Vice-President Technical Services	R. H. MOORE
Vice-President Eastern Minerals Division	J. R. SMITH
Vice-President Corporate Affairs	G. T. N. WOODROOFFE
Director Public Relations	H. L. HICKEY
Director Exploration and Development	D. S. KERBY
Director Foreign Operations (Minerals)	G. P. MITCHELL
Secretary	G. T. N. WOODROOFFE
Treasurer	J. T. McWHIRTER
Controller	KENNETH DUNN
Assistant Secretary	J. L. MATTHEWS

REPORT OF THE DIRECTORS

Strathcona development, with headframe of Longvack South mine at upper right.

GENERAL REVIEW

The results achieved by your Company in 1967 were among the most satisfactory in Falconbridge history. Earnings were exceeded only by those of the two previous years.

As market demand for nickel continued to outrun supply, the Company pressed forward with two new production programs in the Sudbury Basin of Ontario, scheduled for operation in 1968—Strathcona, the largest Falconbridge nickel development to date, and the nearby Longvack South mine. Advanced planning was also carried on for a recently announced iron ore concentrator in the Falconbridge area, scheduled for operation by late 1969 at an estimated cost of $35,000,000.

Other highlights of the past year were major undertakings by wholly-owned subsidiaries: the production start-up of the Tasu iron-copper property of Wesfrob Mines Limited, in the Queen Charlotte Islands of British Columbia, and the opening of the new Fahralloy foundry and fabricating plant in Orillia, Ontario.

Company earnings in 1967 of $25,792,000 or $5.26 per share approached those of $27,725,000 or $5.66 per share in 1966, and $26,768,000 or $5.47 per share in 1965. Dividends paid to shareholders during the year again totalled $3.50 per share.

There was a significant change in the composition of 1967 earnings. Operating profit from nickel operations showed an increase, while dividend income from partially-owned subsidiaries and other companies declined.

Earnings from nickel operations increased to $24,007,000 in 1967 from $21,961,000 a year earlier. While this reflected mainly the impact of higher nickel prices, deliveries of Company-produced nickel during the year were also greater. The price increase of 7.5 cents U.S. per pound of nickel, which took effect on December 1, 1966, continued until October 1, 1967, at which time the Company increased its price by an additional 8.75 cents U.S. per pound. The benefit of higher nickel prices, however, was largely offset by other factors during the year: a lower average price for the Company's copper and considerably higher operating costs resulting from wage increases under collective agreements.

An upward trend in dividend income had been a feature of Falconbridge earnings in recent years. Such income, which accounted for 40.5 per cent of the Company's net earnings in 1964, rose sharply to 57.7 per cent in 1965 and to 78.3 per cent in 1966, when it reached $21,699,000. During 1967 the pendulum began to swing in the opposite direction as dividend income, though still very substantial at $16,404,000, decreased to 63.6 per cent of net income.

Copper revenues of affiliated companies have accounted in large measure for the dividends received by Falconbridge. The Lake Dufault, La Luz and Kilembe companies in particular (whose results are summarized elsewhere in this report) experienced a drop in earnings. The Lake Dufault decrease was due to lower production of metals in concentrate because of the lower grade of ore treated. In the case of La Luz, the drop resulted almost entirely from a lower average price received for copper during its fiscal year. The Kilembe reduction was attributable to a lower price for copper and operating problems associated with a changeover in mining methods. Dividends received by Falconbridge in 1967 from its partially-owned subsidiaries exceeded its interest in the year's earnings of these companies by $1,200,000, whereas in the previous year its interest exceeded the dividends received by $440,000.

The continuing programs of expansion of production and treatment facilities, primarily Strathcona and Tasu, significantly reduced the Company's working capital. By year-end, working capital had been reduced to $1,357,000, a reduction in the year of $31,416,000.

MARKETS

FALCONBRIDGE METAL DELIVERIES	Pounds 1967	Pounds 1966
Nickel	74,754,000	78,963,000
Copper	32,401,000	32,872,000

Free World consumption of nickel in 1967 — estimated at 825,000,000 pounds — did not match the record set in 1966. It is likely, however, that the record would have been surpassed if more nickel had been available. All indications point to a continued, high demand for nickel. Although new mine output will be a favourable factor in 1968, expectations are that nickel deliveries will not improve appreciably during the current year.

Copper markets were generally not as buoyant as in the previous year. An industry-wide strike brought United States copper production to a virtual standstill in July, but the full effects were not felt until November.

Cobalt consumption was not sustained at the exceptionally high level of 1966, particularly in the high temperature alloy industry.

Precious metals consumption continued its strong and steady growth pattern. The demand for platinum was particularly firm and the Company's deliveries increased by almost 10 per cent.

METAL PRICES

To offset rising production costs and the expense of developing new ore deposits, producers increased prices in September, 1967. The base price of Falconbridge electrolytic nickel to U.S. consumers was increased by 8.75 cents U.S. to 94.0 cents U.S. per pound, effective October 1, 1967.

The suspension of the U.S. import duty of 1¼ cents per pound by the United States Government continued until October 1, 1967; however, legislation has been introduced to provide a rebate for consumers who paid the duty during the final quarter of the year. The "Kennedy Round" eliminated the tariff, effective January 1, 1968.

In September 1966, Falconbridge adopted a copper sale price related to transactions of the London Metal Exchange (L.M.E.). Prices on the L.M.E. in 1967 did not exhibit the sharp fluctuations of 1966. The average three-month forward price fell steadily from January (55.0 cents U.S. per pound) until April (44.1 cents) and remained near this level until July 1967. Primarily due to the copper strike in the United States, it rose thereafter, reaching an average monthly high of 59.8 cents U.S. per pound in November. The average three-month forward L.M.E. copper price in 1967 was 49.7 cents U.S. per pound, considerably lower than the previous year's average of 67.3 cents.

In January 1967, the price of cobalt was increased by 20 cents U.S. to $1.85 U.S. per pound. Supply patterns in the United States changed significantly during the year as the United States Government released stockpile cobalt at lower than market prices.

FINANCIAL REVIEW

SUMMARY DATA	1967	1966	1965
Earnings	$ 25,792,000	$ 27,725,000	$ 26,768,000
— per share	$5.26	$5.66	$5.47
Operating profit from nickel operations	$ 24,007,000	$ 21,961,000	$ 23,380,000
Dividends received from partially-owned subsidiary and other companies	$ 16,404,000	$ 21,699,000	$ 15,448,000
Dividends paid to shareholders	$ 17,148,000	$ 17,129,000	$ 17,096,000
— per share	$3.50	$3.50	$3.50
Expenditures on exploration, research and process development	$ 8,333,000	$ 12,521,000	$ 6,596,000
Expenditures (net) on property and plant and on mines to be brought into production in future years	$ 46,566,000	$ 50,381,000	$ 20,537,000
Working capital (at December 31)	$ 1,357,000	$ 32,773,000	$ 55,416,000
— per share	$0.28	$6.70	$11.33
Indicated market value (not included in working capital) of shares in unconsolidated subsidiary and other companies (at December 31)	$196,302,000	$170,610,000	$192,473,000
— per share	$40.03	$34.86	$39.35

EARNINGS

Comments have been made above on some of the more important influences on the year's earnings.

The operating profit from nickel operations before write-offs, on commercial sales, was the highest in the Company's history.

Although total deliveries of nickel in 1967, at 74,754,000 pounds, were lower than the previous year's all-time high of 78,963,000 pounds, deliveries of Company-produced nickel were higher than in 1966. The quantity of United States Government stockpile nickel marketed during the year was much less. Increased deliveries of Company-produced metal resulted in a lowering of finished inventories.

Copper production and deliveries by Falconbridge during the year were slightly lower than in 1966.

Cobalt shipments by the Company were lower than in the previous year.

Dividend income was reduced from $21,699,000 in 1966 to $16,404,000 in 1967. Lower copper prices realized by some subsidiaries, and lower production in some instances, were the major factors. Dividends were sustained at the same amount as in 1966 by Lake Dufault ($8,447,000), which provided slightly more than one-half of the total dividend income. Dividends received from other copper producers, however, were lower by the following amounts: Kilembe, $2,265,000; La Luz, $2,608,000; and Opemiska, $299,000.

The lower charges in 1967 to the Earnings Account for exploration, research and process development were primarily the result of treating as investments the expenditures on the Raglan and Dominican Republic projects, as from January 1 and July 1, 1967, respectively.

The total income tax provision of $7,148,000 is based on the incomes which are subject to tax, of all companies consolidated in the Statement of Consolidated Earnings. Dividend income is not subject to tax in the hands of Falconbridge. The increase in taxes reflects primarily the increase in profit from nickel operations. The high proportion of taxes in the deferred category reflects allowable current deductions, primarily preproduction expenditures, deferred in the accounts to be charged against earnings of future years.

TAXATION PROPOSALS

Your Directors viewed with great concern the recommendations of two governmental reports—one Federal and one Provincial—published in 1967 on the subject of taxation. In terms of the mining industry, the total effect of these recommendations, if implemented, would be the virtual elimination of existing incentive provisions and the imposition of a greater tax burden on mining companies.

The Report of the Royal Commission on Taxation (the "Carter Report"), released by the Government of Canada, would substantially change the operating environment in which risk capital (both domestic and foreign) has traditionally received encouragement. The Federal Government's long-established policy in this regard has spurred the exploration and development of Canada's mineral resources, and contributed to a stronger national economy. The proposed revisions would deal a serious blow to the mining industry at large, and indeed have already caused reconsideration of major exploration and development programs. In the meantime, the industry remains in a state of uneasiness pending a declaration of Government policy.

Recommendations contained in The Report of the Ontario Committee on Taxation (the "Smith Report") would increase and redistribute taxes levied on mining companies operating in the Province of Ontario, where most of your Company's mines and treatment plants are located.

Falconbridge has made well-documented submissions to both levels of Government in respect of these restrictive proposals. In addition, the Company has allied itself with the appropriate mining associations in helping to state the position and viewpoint of the entire industry.

WORKING CAPITAL

Details of the consolidated source and application of funds are set out in the Statement on page 16 of this report. It shows that working capital was reduced in the year by $31,416,000 to $1,357,000.

Total funds required amounted to $70,091,000. Of this amount, expenditures on plant and equipment and preproduction expenditures, primarily for Strathcona and Tasu, required $46,566,000, while dividend distributions amounted to $17,148,000. Net investment in subsidiary and other companies totalled $3,964,000.

These financial requirements were provided to the extent of $37,284,000 from cash earnings. Most of the remainder came from Company holdings of cash and short-term securities and from bank loans of $20,900,000.

Other changes within working capital, chiefly a decrease in inventories of $5,447,000 and a decrease in accounts payable of $5,613,000, were closely offsetting in amount.

Although the total amount of funds required and the amount provided from operations were of the same order of magnitude in 1967 as in the previous year, the reduction in working capital was greater in 1967 than in 1966. This resulted from the significant disposal of investment in subsidiary and other companies of $9,409,000 (net) which took place in 1966.

INVESTMENTS IN UNCONSOLIDATED SUBSIDIARY AND OTHER COMPANIES

Very little change occurred in the Company's investments in and advances to unconsolidated subsidiary and other companies. The indicated market value of the Company's investments at the end of the year amounted to $196,302,000. This was an increase in the year of $25,692,000, due almost entirely to higher market prices.

WESFROB MINES LIMITED

Since 1963, work has proceeded on bringing into production the Tasu iron-copper property of wholly-owned Wesfrob Mines Limited in British Columbia. Mine preparation and plant construction were completed during the summer at a total cost for the project of $44,596,000. Of this amount, $6,577,000 was spent in 1967.

The first shipment of concentrates to Japan was made on August 30th. Four additional shipments were made before operations were closed by a fire in the cobbing plant on December 21st. Damage to the plant and loss of earnings from operations are covered by insurance. Operations at Tasu resumed in March, 1968.

The earnings from the restricted operations in 1967 amounted to $1,182,000 before provision for depreciation, and this amount was applied as a reduction of the preproduction expenses. Accordingly there was neither profit nor loss from the Wesfrob operations to be included in the 1967 consolidated earnings account.

FAHRALLOY CANADA LIMITED

A sharp reduction in the level of business in the foundry industry in which Fahralloy operates resulted in a decline in earnings from $582,000 in 1966 to $335,000 in 1967. This is regarded as a temporary pause in the continuing growth of the Company.

In September, Fahralloy production capacity was expanded by the opening of a modern third plant which included provision for the production of centrifugal castings by its 50 per cent-owned associate, Fahralloy-Wisconsin Limited. The cost of the new plant, $2,700,000, was financed by Fahralloy without assistance from Falconbridge.

OPERATIONS REVIEW — NICKEL DIVISION

MINES

	Pounds	
	1967	1966
Ore delivered to treatment plants from Company mines (tons)	2,210,000	2,101,000

Production of ores from Company mines was up slightly in 1967 but smelter production of nickel in matte was down due mainly to a lower nickel grade of feed to the plants.

A very heavy mine development program continued all year. At Strathcona mine over 18,000 feet each of drifting and raising were completed and major underground installations made. At year-end stope preparation was under way and ore haulage, crushing, conveying and hoisting facilities were in partial service.

At the Longvack South mine, shaft sinking was completed at a depth of 1,289 feet below collar and underground development was under way. It is scheduled for full production in the second half of 1968. Its ore will be treated in the new Strathcona mill.

Surface stripping, road building and shaft collaring were completed at the Lockerby property in the southwestern section of the Sudbury Basin. Plans are under way for mining plant construction in the summer of 1968, with shaft sinking to start later in the year.

Development work continued in the producing mines. East Mine No. 2 shaft was completed to the 6,050 level and cross-cutting to the orebody started in the area between the 4,025 and 6,050 levels. The deepening of the Onaping shaft from 3,050 level to the 4,000-foot horizon was commenced.

TREATMENT PLANTS

The smelter, pyrrhotite plant and three mills in the Sudbury area operated without significant interruption.

Refined nickel production dropped from that in 1966 mainly because of reduced smelter output, a scarcity of good nickel scrap, and the rebuilding of inventories in process. There were no unusual or unexpected operating problems during the year.

EXPENDITURES ON MINES AND PLANTS

	1967	1966	1965
Property, plant and equipment	$33,351,000	$21,641,000	$ 6,441,000
Preproduction .	8,798,000	4,313,000	3,609,000
	$42,149,000	$25,954,000	$10,050,000

Preparing the Strathcona mine for production, and constructing the expanded facilities required for milling, smelting and refining the increased volume of materials to be treated, resulted in expenditures at the highest level in the Company's history.

In addition to the underground and surface mining plant, a 6,000-ton per day mill comprising the crushing plant, concentrator, tailings fill plant and concentrator load-out station was nearing completion at the Strathcona mine site. A receiving station was built at the smelter to accommodate the concentrates which will be shipped in slurry form in rail cars specially designed for the purpose. To accommodate this traffic, a spur line of the C.P.R. into the treatment plants at Falconbridge was completed during the year, permitting a direct rail haul from the Strathcona mill.

Plans were developed for the bulk shipping of matte from the smelter at Falconbridge to the refinery in Norway. A contract was placed for the construction of a specially designed ship to be in operation by late 1968. Work is progressing on terminal facilities at Quebec City and at Kristiansand.

At the refinery, revisions were made to improve and expand the productive capacity of the existing facilities. By year-end, a commercial-sized pilot refining plant was almost completed.

IRON ORE CONCENTRATOR

In January 1968, announcement was made of a new iron ore concentrator to be built at Falconbridge, Ontario, at an estimated cost of $35,000,000. The plant is expected to be in production towards the end of 1969 and will produce more than 300,000 tons annually of reduced iron ore pellets containing about 90 per cent iron and 1.5 per cent nickel. This unique new product, which can be charged directly into steel-making furnaces, is the culmination of a long-term program of research and development by Falconbridge staff. Allied Chemical Canada, Ltd. will build and operate an adjacent sulphur recovery plant using the gases produced by the Falconbridge roasters. These two new installations and processes will mark a major step forward in pollution control in the Sudbury area, providing for the diversion of sulphur from an air and water pollutant to a marketable product.

STRATHCONA — Section of the new Strathcona mill in "tune-up" stage, March 1968. Close-up of grinding section forms part of frontispiece design (page 1).

EMPLOYEES

A general shortage of skilled miners and tradesmen throughout the year continued to restrict production and delay the construction program in the Sudbury Operations. There was some easing in the shortage of miners toward the end of the year. Our construction contractors experienced continuing labour difficulties which will delay the commencement of production from Strathcona. Difficulty in obtaining an adequate number of qualified employees was due in part to the scarcity of housing in the Sudbury district. To help relieve this condition, the Company provided new accommodation during the year, consisting of 53 family housing units, with an additional seven under construction; a 24-unit staff house for single men; and a 100-bed trailer complex. In 1966, 62 housing units were built.

Following certification in 1966 of the United Steelworkers of America as bargaining agent for the Office, Clerical, and Technical employees at the Sudbury Operations, a three-year agreement was signed, effective until August 21, 1969. The collective agreement with the employees at the refinery in Norway extends to April 1, 1968.

The number of employees at Sudbury Operations increased by 365 during the year. This brought the total to 3,639 of whom 401 had 20 or more years' service with the Company and 264 were members of the 25-Year Club. The number of persons employed at the refinery decreased by 60, to a total of 1,251 at year-end.

Harmonious relations between the employees and the Company were experienced throughout the year at all locations.

Two new publications for employees were introduced in 1967 at Sudbury and Kristiansand. Both carry the name "FALCON" and present news and information of general interest. The Canadian publication covers activities of the Falconbridge group of Companies and is widely distributed, while the Kristiansand edition is published in Norwegian primarily for employees at the refinery.

ORE RESERVES

The ore reserve position at year-end showed little change from that at the end of the previous year. During the year, 2,208,700 tons were extracted from the several mines within the Sudbury Operations. Reserves were maintained by additions of new ore at the Falconbridge, Strathcona and North mines. Reserves of proven ore at year-end were calculated at 55,707,600 tons with a combined metal content of 1,158,000 tons, compared with 55,717,500 tons with a combined metal content of 1,172,000 tons in 1966.

The Company's probable ore reserves within the Sudbury District were increased by 222,000 tons, resulting in a year-end total of 19,365,200 tons with a combined metal content of 322,389 tons.

EXPLORATION

Surface and underground exploration within the Onaping and Falconbridge areas outlined significant tonnages of lower than average grade sulphides as well as extensions to previously known occurrences. Extensive exploratory work was carried out on nickel properties in Manitoba and the Ungava area of Quebec. See page 28 for comments on the exploration activities at the Raglan properties.

The underground test of the D'Eldona property, in the Noranda area of Quebec, confirmed the surface drilling results and a feasibility study of this deposit was in progress at year-end. Results of the drilling performed on the properties optioned from Stall Lake Mines Limited in Manitoba have indicated a small relatively high-grade copper zone with possible extensions which are presently being investigated with a surface drilling program.

The Company continued its exploration activity at various locations throughout Canada and abroad.

RESEARCH AND DEVELOPMENT

Research activities during the year were directed primarily to major projects under construction or in an advanced stage of planning or pilot work. Included among such programs were the Strathcona mill, the commercial-sized pilot refining plant, the iron ore concentrator for treatment of by-product pyrrhotite at Sudbury, and the pilot plant for treatment of lateritic nickel ores in the Dominican Republic. All of these undertakings involve advanced concepts in metallurgy and design, with a need for continuing research and development.

DOMINICAN REPUBLIC

In the Dominican Republic the year was marked by an appreciable improvement in political and economic stability.

Construction of the expanded metallurgical pilot plant was completed and by the end of March it was in operation. Although hampered by failures of the diesel-electric generating equipment, successful operation was demonstrated at the expanded scale, and process and design criteria for expansion to commercial-scale operations were developed. Pilot plant test work may continue to about mid-1968 to further refine these criteria. A quantity of the ferronickel product from the pilot plant was shipped to consumers as part of the market evaluation program. Geological activities during the year consisted mainly of ore definition drilling on various ore bodies. Extensive engineering and feasibility studies were carried out and preliminary investigations concerning the financing of the operation on a commercial scale were instituted.

AFFILIATED COMPANIES

For comments concerning the activities of subsidiary and associated companies, please refer to pages 21 to 31.

DIRECTORS AND OFFICERS

In conformity with a policy of electing younger Directors to the Board, Messrs. Thayer Lindsley, S. M. Wedd and James Stewart presented their resignations during the past year as Directors of the Company.

Mr. Lindsley was the founder and a Director of Falconbridge Nickel Mines Limited since its incorporation in 1928. In recognition of his long and devoted services to the Company, his fellow Directors unanimously elected him as Director Emeritus, an honour which Mr. Lindsley has graciously accepted.

To fill these vacancies on the Board, Mr. H. B. Keck, President of The Superior Oil Company, Houston, Texas, and two Falconbridge officers, Mr. E. L. Healy, Vice-President Nickel Division and Mr. P. N. Pitcher, Vice-President Minerals Division, were elected as Directors of the Company.

After a brief term on the Board, Mr. Pitcher resigned as a Director and subsequently as a Vice-President, to assume a new position in the United States. To fill the Board vacancy, Mr. Marsh A. Cooper, President of McIntyre Porcupine Mines Limited,Toronto, was elected as a Director.

The Executive Committee of the Board was increased in 1967 from three to five members by the addition of Messrs. H. B. Keck and W. F. James.

Late in the year, Mr. J. D. Barrington resigned as a Director and as a member of the Executive Committee. In January, 1968, the vacancy on the Board was filled by the election of Mr. W. G. Dahl, Vice-President Marketing, as a Director, and Mr. Cooper was elected to the Executive Committee.

Your Directors acknowledge with gratitude the contribution to the Company's progress made by the former members of the Board over a period of many years.

The passing in January, 1968, of Mr. R. C. Mott, a former Vice-President of the Company, is recorded with deep regret. Mr. Mott, who had retired from the Company after many years of service, had continued his association as a Consultant.

A reorganization of the senior management structure of the Company, as listed on page 2 herewith, was implemented as of February 1, 1968.

SHAREHOLDERS

Outstanding shares of the Company totalled 4,904,064 at year-end, an increase in the year of 9,457 through the exercise of purchase warrants and options. At the end of the year warrants were outstanding exercisable on or before October 1, 1969, to purchase 647 shares at U.S. $19.23 per share and 422 shares at U.S. $20.00 per share. The number of shareholders increased in the year from 13,974 to 14,086, 73 per cent of whom were of Canadian registry, owning 80 per cent of the issued shares.

APPRECIATION

The major programs of development and expansion under way in 1967 will have long-term significance to Falconbridge, its employees, and its varied interests. For the commendable progress made during the year, your Directors express their gratitude to management, staff and production personnel at all locations; and likewise to the officers and employees of our affiliated companies. The continued forebearance of our customers and sales representatives during the year, in a difficult supply period, has been deeply appreciated. To all others whose support or interest has been extended to the Company — including our shareholders, contractors and suppliers, government and the news media — we extend our sincere thanks.

On behalf of the Board of Directors,

Toronto,
March 20, 1968

President and
Managing Director

FALCONBRIDGE NICKEL MINES LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED BALANC

(with comparative figur

ASSETS

	1967	1966
CURRENT:		
Cash	**$ 1,189,000**	$ 2,785,000
Government and other marketable securities at cost (approximate market value)	**1,500,000**	10,718,000
Accounts receivable	**18,814,000**	18,682,000
Inventories at the lower of cost or market (note 3)	**12,972,000**	18,419,000
	34,475,000	50,604,000
INVESTMENT IN UNCONSOLIDATED SUBSIDIARY AND OTHER COMPANIES at cost less amounts written off:		
Subsidiary companies (note 1)		
Shares	**32,554,000**	28,532,000
Advances and debentures	**3,259,000**	3,525,000
	35,813,000	32,057,000
Other companies		
Shares	**27,360,000**	27,077,000
Advances and debentures	**679,000**	579,000
	28,039,000	27,656,000
	63,852,000	59,713,000
FIXED:		
Plant and equipment at cost	**183,674,000**	147,446,000
Less accumulated depreciation	**87,850,000**	84,916,000
	95,824,000	62,530,000
Mining and other property at cost	**5,052,000**	4,892,000
	100,876,000	67,422,000
OTHER:		
Supplies (at average cost) and prepaid expenses	**8,020,000**	6,072,000
Deposits, long-term accounts receivable and other assets	**936,000**	1,214,000
Special refundable tax	**975,000**	854,000
Preproduction expenditures deferred (note 4)	**39,524,000**	30,709,000
	49,455,000	38,849,000
	$248,658,000	$216,588,000

See notes to consolidate

To the Shareholders of
Falconbridge Nickel Mines Limited:

AUDITORS

We have examined the consolidated balance sheet of Falconbridge Nickel Mines Limited and its wholly-owned subsidiaries as at December 31, 1967 and the statements of consolidated earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Canada,
March 1, 1968

HEET DECEMBER 31, 1967
December 31, 1966)

LIABILITIES

	1967	1966
CURRENT:		
Bank indebtedness	**$ 21,750,000**	$ 850,000
Accounts payable and accrued charges	**11,145,000**	16,108,000
Income and other taxes payable (estimated)	**223,000**	873,000
	33,118,000	17,831,000
LONG TERM INDEBTEDNESS:		
Mortgages payable on Company housing	**384,000**	—
DEFERRED INCOME TAXES	**18,795,000**	11,600,000
SHAREHOLDERS' EQUITY:		
Capital (note 6)		
Authorized: 5,000,000 shares of no par value		
Issued: 4,904,064 shares (1966 — 4,894,607 shares)	**79,600,000**	79,215,000
Retained earnings	**107,761,000**	100,442,000
Reserve for investment in mining companies	**9,000,000**	7,500,000
	196,361,000	187,157,000

On behalf of the Board:

H. J. FRASER, Director

R. B. WEST, Director

	$248,658,000	$216,588,000

ancial statements

EPORT

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CLARKSON, GORDON & CO.
Chartered Accountants.

FALCONBRIDGE NICKEL MINES LIMITED

AND ITS WHOLLY-OWNED SUBSIDIARIES

STATEMENT OF CONSOLIDATED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year 1966)

	1967	1966
Metal sales and other operating revenues	**$94,442,000**	$92,495,000
Cost of sales and operating expenses other than the undermentioned items	**59,723,000**	60,752,000
Selling, general and administrative expenses (note 7)	**4,455,000**	4,813,000
	64,178,000	65,565,000
Operating profit from nickel operations before providing for development expenditures and depreciation	**30,264,000**	26,930,000
Development expenditures (note 4)	**2,077,000**	1,665,000
Depreciation	**4,180,000**	3,304,000
	6,257,000	4,969,000
Operating profit from nickel operations	**24,007,000**	21,961,000
Other income:		
Earnings (after depreciation of $317,000 in 1967 and $356,000 in 1966) before income taxes of wholly-owned subsidiaries not engaged in nickel operations	**870,000**	1,284,000
Dividends received from —		
Partially-owned subsidiaries	**13,121,000**	17,811,000
Other companies	**3,283,000**	3,888,000
Income from investment in short term securities	**438,000**	1,510,000
	41,719,000	46,454,000
Other deductions from income:		
Interest expense	**446,000**	33,000
Expenditures on exploration	**4,259,000**	6,967,000
Expenditures on research and process development	**4,074,000**	5,554,000
	8,779,000	12,554,000
Earnings before income taxes	**32,940,000**	33,900,000
Income taxes:		
Current	**153,000**	675,000
Deferred	**6,995,000**	5,500,000
	7,148,000	6,175,000
Earnings for the year	**$25,792,000**	$27,725,000

See notes to consolidated financial statements

FALCONBRIDGE NICKEL MINES LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES

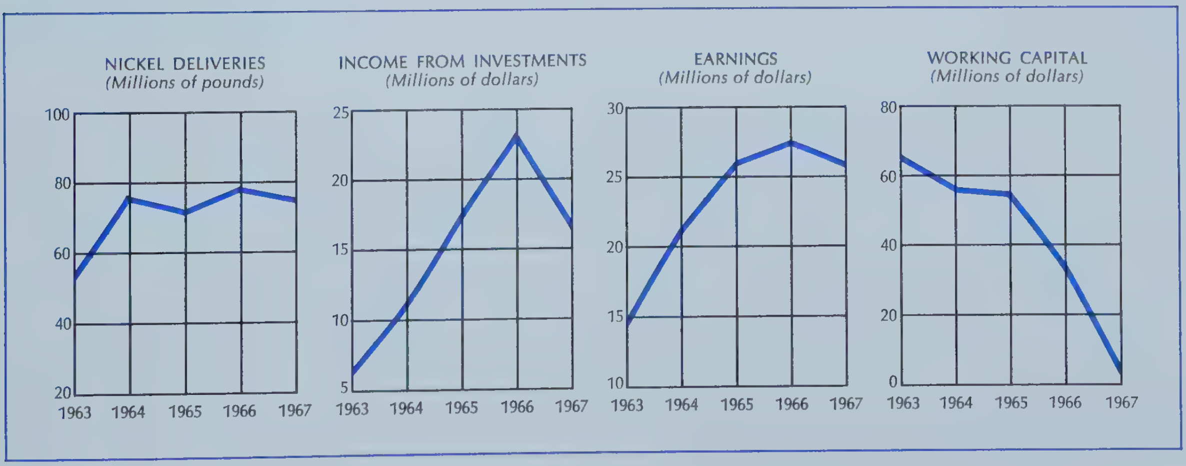
STATEMENT OF CONSOLIDATED RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year 1966)

	1967	1966
Balance at beginning of year	**$100,442,000**	$ 87,542,000
Add: Earnings for the year	**25,792,000**	27,725,000
Gain (net) on the disposal of land and investments in subsidiary and other companies less $2,802,000 written off such investments in 1966	**175,000**	3,395,000
Recovery of income taxes of prior years	—	409,000
	126,409,000	119,071,000
Deduct: Dividends paid	**17,148,000**	17,129,000
Amount appropriated as reserve for investment in mining companies	**1,500,000**	1,500,000
	18,648,000	18,629,000
Balance at end of year	**$107,761,000**	$100,442,000

See notes to consolidated financial statements



STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year 1966)

	1967	1966
SOURCE OF FUNDS:		
From operations being —		
Earnings for the year	**$25,792,000**	$27,725,000
Charges against earnings which in themselves did not involve a cash outlay during the year:		
Depreciation	**4,497,000**	3,660,000
Income taxes deferred to future years	**6,995,000**	5,500,000
	37,284,000	36,885,000
Sale of shares in and repayment of debentures and advances by unconsolidated subsidiary and other companies	**622,000**	11,121,000
Issue of shares under options and warrants	**385,000**	136,000
Mortgages payable on company housing	**384,000**	—
Recovery of prior years' income taxes	**—**	409,000
	38,675,000	48,551,000
APPLICATION OF FUNDS:		
Payment of dividends to shareholders	**17,148,000**	17,129,000
Expenditures (net) on property and plant and on mines to be brought into production in future years (net of deferred income taxes of $200,000)	**46,566,000**	50,381,000
Purchase of shares and debentures in and the advancing of funds to unconsolidated subsidiary and other companies	**4,586,000**	1,712,000
Increase in supplies and other non-current assets	**1,670,000**	1,118,000
Special refundable tax	**121,000**	854,000
	70,091,000	71,194,000
Decrease in funds during the year	**31,416,000**	22,643,000
Working capital at beginning of year	**32,773,000**	55,416,000
Working capital at end of year	**$ 1,357,000**	$32,773,000

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1967

1. The consolidated financial statements for 1967 reflect the financial position and the results of operations of Falconbridge Nickel Mines Limited and all its wholly-owned subsidiary companies.
   The partially owned subsidiaries have not been consolidated as it is the company's view that a more intelligent appraisal of its financial position may be obtained from the attached financial statements together with the information supplied on pages 21 to 31 with respect to the more important unconsolidated subsidiary and other companies. The earnings of the unconsolidated subsidiary companies are included in income to the extent of dividends received; such dividends were $1,200,000 in excess of the company's share of the aggregate profits less losses of the subsidiaries for their financial years ended in 1967. The company's share of the aggregate of the accumulated profits less losses of these subsidiaries from date of acquisition to the end of their 1967 financial years not taken up in the parent company's accounts amounted to approximately $9,900,000.

2. Assets and liabilities in currencies other than Canadian dollars have been translated into Canadian dollars at current quoted rates of exchange at December 31, 1967, except fixed assets and the related accumulated depreciation which have been translated at the rates prevailing when the expenditures on fixed assets were made. Revenues and expenses in currencies other than Canadian dollars have been translated into Canadian dollars at the average monthly quoted rates of exchange except that provisions for depreciation have been translated at the rates prevailing when the expenditures on the related fixed assets were made.

3. Inventories consist of the following:

	1967	1966
Falconbridge Nickel Mines Limited —		
Refined metals	$ 2,118,000	$ 9,787,000
Matte and metals in process	7,786,000	7,500,000
	9,904,000	17,287,000
Wesfrob Mines Limited —		
Concentrates awaiting shipment	1,847,000	—
Fahralloy Canada Limited —		
Materials and work in process	1,221,000	1,132,000
	$12,972,000	$18,419,000

The cost of inventories derived from the company's own ore ($8,502,000 in 1967) has been determined on a "last-in, first-out" basis; the cost of inventories derived from other sources ($1,402,000 in 1967) has been determined on a "first-in, first-out" basis. The concentrate inventories of Wesfrob Mines Limited have been valued at net realizable value. The materials inventories of Fahralloy Canada Limited ($553,000 in 1967) have been valued at average cost and its work in process inventories ($668,000 in 1967) at direct cost.

4. It is the companies' practice to defer preproduction expenditures (being those expenditures other than capital made for the purpose of bringing a new mine into production) until the new mines come into production after which time they will be written off in an appropriate manner. No development expenditures (being those incurred by mines in production) were deferred at December 31, 1967, (or 1966) as these expenditures are written off as incurred (with a limitation of $2.00 per ton of company ore treated).

5. There are commitments outstanding in connection with construction in progress and development and exploration amounting to approximately $7,000,000.

6. In 1959 the company reserved 75,000 of its unissued shares for the purpose of granting to officers and employees of the company and its subsidiaries options to purchase shares of the company at $25.00 each (the approximate market price at the date these shares were reserved); in 1964 the option price with respect to those shares (29,000) on which options had not been previously granted was altered by resolution of the Board of Directors to 90 percent of the market price at the close of business on the day preceding the granting of the option. Options on these shares (29,000) were subsequently granted at $61.75 per share. Under the terms of an agreement whereby on January 31, 1962, Falconbridge purchased all the assets of Ventures Limited and assumed all the liabilities and obligations of Ventures, the company assumed an obligation to issue shares of its unissued capital stock under the terms of warrants issued to Ventures' debenture holders. The shares issued during 1967 and the position at December 31, 1967, in respect of these options and warrants are summarized as follows:

	Shares issued during 1967	Shares subject to issue under options and warrants outstanding at December 31, 1967
Under options exercisable on or before May 31, 1969 —		
at $25.00 per share	500	—
at $61.75 per share	4,500	—
Under warrants exercisable on or before October 1, 1969 —		
at U.S. $19.23 per share	2,374	647
at U.S. $20.00 per share	2,083	422
	9,457	1,069

7. Remuneration of directors and senior officers of the company:

	1967	1966
Paid by the company and its consolidated subsidiaries	$549,000	$470,000
Paid by other subsidiaries of the company	7,000	7,000
	$556,000	$477,000

STATEMENT OF CONSOLIDATED INVESTMENT IN UNCONSOLIDATED

(with comparative figures as a

	1967			
	SHARES			
	Number of shares or par value	% of outstanding capital	Indicated market value (note A)	Advances and debentures
SUBSIDIARY COMPANIES:				
Acton Limestone Quarries Limited (note E)				
Common shares				
6½% first mortgage bonds due May 15, 1982				
Alminex Limited	3,913,871	51.2	$ 27,006,000	
Canadian Malartic Gold Mines Limited	2,212,760	60.6	265,000	
Dominion Magnesium Limited	263,004	55.2	1,315,000	
Empire Ventures Limited				
Class A shares (note B)	500	58.8		
Class B shares (note B)	10,000	58.8		
6% debenture due March 31, 1970 (note E)				
5¾% demand note	$ 27,500			$ 28,000
Falconbridge Dominicana C por A (note B)	817,253	81.7		1,303,000
Horne Fault Mines Limited	1,988,638	58.5	278,000	
Industrial Minerals of Canada Limited (note E)	657,961	68.1	8,060,000	
Kiena Gold Mines Limited				
Preferred shares (note B)	2,467,459	100.0		
Common shares	3,331,203	68.3	2,690,000	
6% income debentures due December 31, 1977-8	$ 250,000			215,000
Kilembe Copper Cobalt Ltd.	2,820,827	72.8	21,156,000	
Lake Dufault Mines Limited	2,111,630	51.1	24,009,000	
La Luz Mines Limited	920,794	58.3	12,431,000	
New Pascalis Mines Limited	735,494	61.3	257,000	
New Quebec Raglan Mines Limited	4,536,196	60.5	31,300,000	
Q.M.I. Minerals Limited	682,212	67.4	1,706,000	
Raglan Quebec Mines Limited				
6% Redeemable non-voting cumulative preferred shares (notes B, C & D)	2,105,977	100.0		
Zeballos Iron Mines Limited				
5% income debenture due December 31, 1972	$ 305,500			305,000
6% series B bond due March 31, 1970 (note E)	U.S. $1,897,059			1,033,000
6¼% bond due March 31, 1970 (note E)	U.S. $ 714,377			362,000
Miscellaneous shareholdings and advances			246,000	13,000
			$130,719,000	$3,259,000
OTHER COMPANIES:				
Akaitcho Yellowknife Gold Mines Limited	1,198,230	36.7	$ 479,000	
Canada Tungsten Mining Corporation				
6% debentures due December 31, 1971	$ 389,136			$ 389,000
6% demand note	$ 145,200			145,000
Dunraine Mines Limited (note C)	1,068,479	48.6	299,000	
Fahralloy-Wisconsin Limited				
Class A shares (note B)	2,000	50.0		100,000
Giant Yellowknife Mines Limited	1,080,809	25.1	10,160,000	
Joliet-Quebec Mines Limited	1,128,800	22.0	395,000	
Marbridge Mines Limited (note B)	1,500,000	50.0		
McIntyre Porcupine Mines Limited	175,825	7.4	14,242,000	
Opemiska Copper Mines (Quebec) Limited	1,993,236	36.1	19,235,000	
Thompson-Lundmark Gold Mines Limited	600,000	12.0	216,000	
United Keno Hill Mines Limited	1,195,989	48.4	8,372,000	
Ventron Corporation	162,538	40.5	11,378,000	
Miscellaneous shareholdings			807,000	45,000
			$ 65,583,000	$ 679,000
Total			$196,302,000	$3,938,000

BSIDIARY AND OTHER COMPANIES AS AT DECEMBER 31, 1967
ember 31, 1966)

1966			
SHARES			
Number of shares or par value	% of outstanding capital	Indicated market value (note A)	Advances and debentures
386,000	53.9	$ 39,000	
$2,200,000			$1,407,000
3,913,871	51.5	18,591,000	
2,197,510	60.2	231,000	
263,004	55.2	1,611,000	
500	58.8		
10,000	58.8		
U.S. $1,008,506			1,084,000
$ 27,500			28,000
817,253	81.7		
1,988,638	58.5	298,000	
612,419	71.5	5,359,000	
2,467,459	100.0		
3,331,203	68.3	2,165,000	
$ 250,000			215,000
2,820,827	72.8	23,977,000	
2,111,630	51.1	28,507,000	
920,794	58.3	17,495,000	
735,494	61.3	147,000	
4,436,196	59.1	19,963,000	
649,543	64.2	1,442,000	
$ 348,539			348,000
U.S. $ 450,000			300,000
		117,000	143,000
		$119,942,000	$3,525,000
1,198,230	36.7	$ 671,000	
$ 389,136			$ 389,000
$ 145,200			145,000
979,820	46.4	470,000	
1,080,809	25.1	8,430,000	
1,128,800	22.0	559,000	
1,500,000	50.0		
175,825	7.4	14,769,000	
1,993,236	36.1	18,637,000	
600,000	12.0	234,000	
1,195,989	48.4	3,038,000	
162,538	42.1	3,335,000	
		525,000	45,000
		$ 50,668,000	$ 579,000
		$170,610,000	$4,104,000

NOTES

A. The market values shown are based on closing market prices at December 31, 1967 and December 31, 1966. Because of the number of shares involved and the fact that in certain instances the securities listed herein represent control of the companies concerned, the amounts that would be realized if these securities were to be sold may be considerably more or less than their indicated market value.

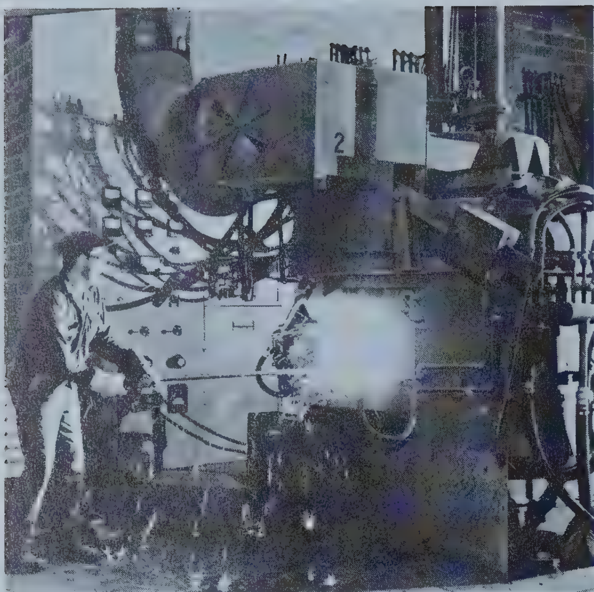
B. The relative securities of these companies are not traded and accordingly no market values are available.

C. The shares of Dunraine Mines Limited at December 31, 1966 and 1967 and the preferred shares of Raglan Quebec Mines Limited at December 31, 1967, include shares that Falconbridge was entitled to receive as at those respective dates under agreements with such companies which provided for the issuance of shares to Falconbridge as consideration for any exploration work carried out by Falconbridge on the properties of such companies.

D. Raglan Quebec Mines Limited is a subsidiary of New Quebec Raglan Mines Limited.

E. During 1967:
(a) The company's holdings of bonds and common shares of Acton Limestone Quarries Limited were exchanged for common shares of Industrial Minerals of Canada Limited as a result of an amalgamation of these companies, and
(b) The debenture of Empire Ventures Limited was exchanged for bonds of its subsidiary Zeballos Iron Mines Limited.

AMONG 1967 HIGHLIGHTS



FAHRALLOY — *Action view inside the Fahralloy plant shows worker at direct arc furnace used for melting. Some 4,000 tons of molten metal can be produced annually in the new facility.*

FAHRALLOY — *Shown here is the new foundry and fabricating plant opened in 1967 at Orillia, Ontario, by Fahralloy Canada Limited and Fahralloy-Wisconsin Limited.*

FAHRALLOY CANADA LIMITED

ORE CARRIER ARRIVES — *The 55.000-ton "Japan Maple" is shown as it docks at Tasu harbour to load the first shipment of concentrates, August 1967. Two Wesfrob tugs assist in berthing the specially-built carrier near the concentrate storage and reclaim area. The Tasu power plant can be seen at left of the photo, with the concentrator building directly above. At upper left is a section of the No. 3 zone open pit and waste dump.*

TASU CEREMONY — *Major-General The Honourable George R. Pearkes, Lieutenant-Governor of British Columbia, is shown as he officiates at the opening ceremony of Tasu mine, mill and community, June 1967, in the Queen Charlotte Islands, B.C. Mining industry representatives and Japanese guests join him on the platform.*

WESFROB MINES LIMITED

COMMENTS ON THE MORE IMPORTANT UNCONSOLIDATED SUBSIDIARY AND ASSOCIATED COMPANIES

ALMINEX LIMITED

During 1967, production of crude oil and natural gas liquids was up approximately 8 per cent while natural gas production decreased 5 per cent. Production of sulphur rose to 8,200 long tons from 1,400 long tons in 1966, resulting from a full year's operation at the Harmattan Leduc gas processing plant. A growing world-wide demand for sulphur has resulted in sharply higher prices and the company's production has now become an important source of revenue.

Earnings after all charges amounted to $1,023,000 compared with $1,223,000 for 1966. It should be noted, however, that for the first time the company's earnings were subject to income tax in 1967 in the amount of $400,000.

The dividend payment was $915,050 or 12 cents per share compared with $759,916 or 10 cents per share during 1966. The company's bank loan was reduced by $614,000 and stood at $1,812,000 at year-end.

Reserves of proven crude oil and natural gas liquids as of December 1967 were down 1.6 per cent after allowing for production during the year. While the exploration programs in 1967 involved heavier expenditures than in 1966, results were disappointing and no new reserves were discovered.

A modest increase in crude oil, natural gas liquids and sulphur production is expected in 1968, and revenue is expected to increase accordingly.

	As at December 31, 1967		
Capitalization	Outstanding	Held by Falconbridge	
Common shares	7,644,161	3,913,871	51.2%
Debt			
Outstanding loans December 31, 1967	$1,812,000		

Production	1967	1966	Increase (Decrease)
Crude oil and natural gas liquids (barrels per day)	3,446	3,199	8%
Gas (thousands cubic feet per day)	13,400	14,047	(5%)

	As at December 31	
Reserves (Proven and probable)	1967	1966
Crude oil and natural gas liquids (barrels)	53,380,000	53,090,000
Natural gas (billions of cubic feet)	162.80	157.63
Sulphur (long tons)	259,000	309,000

	Year ended December 31	
Financial	1967	1966
Net production income after royalties and operating expenses	$3,877,000	$3,332,000
Profit before write-offs for depreciation, depletion and property surrendered	2,530,000	2,295,000
Income tax	400,000	—
Earnings after all charges	1,023,000	1,223,000
Dividends paid — 12¢ in 1967, 10¢ in 1966	915,000	760,000

Falconbridge interest in		Per share of Falconbridge
Earnings after all charges	$ 524,000	$ .10
Dividends paid	470,000	.09
Excess of earnings over dividends	$ 54,000	$ .01

Management 1967

President — F. R. Burton, Toronto
Vice-President and General Manager — J. B. Webb, Calgary, Alberta

DOMINION MAGNESIUM LIMITED

Consolidated net earnings for the year amounted to $273,000 or 57 cents per share, up from $169,000 or 35 cents per share in the previous year. The lower 1966 earnings resulted mainly from a four-month shut-down of all magnesium production operations due to a strike.

The magnesium market, which was weak during the first six months, strengthened in the latter part of the year. This trend is expected to continue well into 1968. Markets for calcium were good and for the other products were reasonably stable.

Sales of Aerometals Limited, a subsidiary company, were down 36 per cent from the previous year, resulting from a loss of a major customer now fabricating his own requirements; however, a new Aerometals product line shows promise of increased sales.

A dividend of 25 cents per share was paid in 1967, the same as in the previous year, while working capital increased $380,000 by year-end.

	As at December 31, 1967		
Capitalization	Outstanding	Held by Falconbridge	
Common shares	476,270	263,004	55.2%

	Year ended December 31	
Shipments	1967	1966
Magnesium — pounds	19,554,000	15,111,000
Calcium — pounds	544,000	249,000
Thorium — pounds	800	1,300
Titanium — pounds	18,000	9,000
Dolomite — tons	22,000	18,000
Financial		
Net sales	$7,746,000	$5,877,000
Profit before depreciation	572,000	532,000
Earnings after all charges	273,000	169,000
Dividends paid 25¢ in 1967 and 1966	119,000	119,000
Working capital	3,483,000	3,103,000

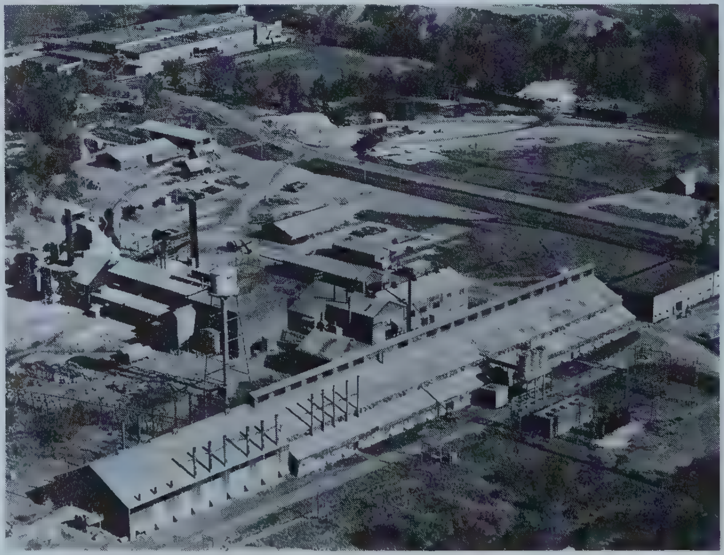
Falconbridge Interest in		Per share of Falconbridge
Earnings after all charges	$ 151,000	$ .03
Dividends paid	66,000	.01
Excess of earnings over dividends	$ 85,000	$ .02

Management 1967

Vice-President and General Manager
J. Thomson, Toronto

Plant Manager
D. J. McPhail, Haley, Ontario

Plant Manager (Aerometals Limited)
W. Z. Jarmicki, Toronto



DOMINION MAGNESIUM — General view of operations at Haley, in the Ottawa Valley area of Ontario.

GIANT YELLOWKNIFE MINES LIMITED

Operating income before write-offs, at $1,744,000, was down $664,000 from $2,408,000 in 1966. Net earnings amounted to $1,427,000 or 33 cents per share compared with $2,100,000 or 49 cents per share in the previous year. Operating results for the first time included, on a consolidated basis, those of Lolor Mines Limited and Supercrest Mines Limited. The Lolor and Supercrest properties are contiguous to and connected underground with those of Giant and form a completely integrated operation. Lolor is owned 87½ per cent and Supercrest 50 per cent by Giant Yellowknife.

PRECISE OPERATION — Weighing gold bars at Giant Yellowknife Mines Limited, in the Northwest Territories.

The decrease in earnings for the year was caused by reduced production due largely to a critical labour shortage. By year-end this situation had improved somewhat although efficiency is still affected by a scarcity of skilled tradesmen. The company's collective bargaining agreement will expire September 30, 1968.

Ore reserves decreased 472,000 tons after allowing for tonnage treated during the year. The reserves at December 31, 1967, including those of Lolor and Supercrest, totalled 2,045,000 tons having a grade of .699 oz. per ton, compared with 2,517,000 tons having a grade of .675 oz. per ton a year ago. Exploration efforts during the year did not lead to significant tonnage of new ore.

While earnings for 1967 did not support the dividend disbursed during the year, an improvement in operating results during the last quarter made it possible to maintain a rate of 40 cents per annum. An initial dividend of 10 cents per share has been paid for the first quarter of 1968; however, the production difficulties experienced in 1967 and the continuing rise in costs make it difficult to forecast dividends for the balance of 1968.

Working capital of $6,059,000 as at December 31, 1967 was down approximately $200,000 from $6,264,000 as at December 31, 1966.

	As at December 31, 1967		
Capitalization	Outstanding	Held by Falconbridge	
Common shares	4,303,050	1,080,809	25.1%

	Year ended December 31	
Production (Consolidated 1967)	1967	1966
Tons milled	320,000	384,000
Gold ounces produced	190,000	225,000
Financial (Consolidated 1967)		
Net value of metals produced	$7,205,000	$8,517,000
Profit before amortization and depreciation	1,744,000	2,408,000
Earnings after all charges	1,427,000	2,100,000
Dividends paid — 40¢ in 1967, 60¢ in 1966	1,721,000	2,582,000
Working capital	6,059,000	6,264,000

		Per share of Falconbridge
Falconbridge interest in		
Earnings after all charges	$ 358,000	$ .07
Dividends paid	432,000	.09
Excess of earnings over dividends	$ (74,000)	$ (.02)

Management 1967

Vice-President and Managing Director	P. N. Pitcher, Toronto
General Manager	D. R. DeLaporte, Yellowknife, N.W.T.
Mine Manager	W. A. Case, Yellowknife, N.W.T.

INDUSTRIAL MINERALS OF CANADA LIMITED

Net earnings of $992,000 equal to $1.03 per share were up from $688,000 or 80 cents per share for 1966, reflecting the excellent growth pattern of the past several years.

In February, 1967, the company acquired for $300,000 and 60,000 shares of Treasury stock, all assets of Simsil Mines Limited related to its silica operations in Quebec — consisting of an ore deposit and primary process plant at St. Donat and a final process plant at Lachine. By December, the Lachine facilities had been closed and their operations integrated with other facilities of Industrial Minerals at St. Canut.

In November, 1967, the shareholders of Acton Limestone Quarries Limited and Industrial Minerals approved a statutory amalgamation of the two companies which became effective November 29th and involved the issue of 48,642 shares of Industrial Minerals. The facilities of Acton — the limestone deposit and 800-ton per hour process plant at Acton, Ontario, and two distribution yards in Metropolitan Toronto — were integrated as an Aggregates Division.

Sufficient exploration was completed on a silica property in Georgian Bay to establish that its size and grade warrant commercial development. A feasibility study is currently in progress.

Dividend disbursements were $550,000 or 60 cents per share compared with $471,000 or 55 cents per share in 1966. Working capital of $1,249,000 at year-end was down approximately $1,000,000 from $2,248,000 the previous year. This reduction resulted from the amalgamation referred to, whereby the Acton bank loan has become a liability of the merged company.

	As at December 31, 1967		
Capitalization	Outstanding	Held by Falconbridge	
Common shares	965,497	657,961	68.15%

	Year ended December 31	
Financial	1967	1966*
Sales of all products	$6,533,000	$4,448,000
Profit before depreciation and amortization	1,976,000	1,412,000
Earnings after all charges	992,000	688,000
Dividends paid — 60¢ in 1967, 55¢ in 1966	550,000	471,000
Working capital	1,249,000	2,248,000

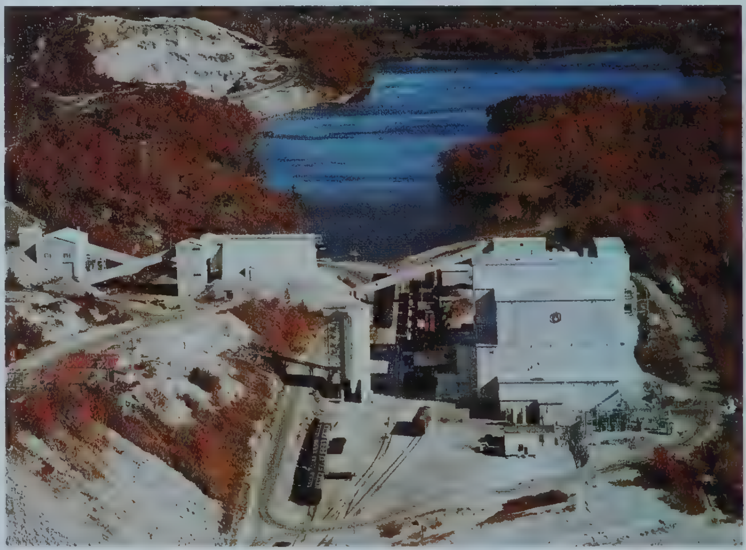
Falconbridge interest in		Per share of Falconbridge
Earnings after all charges	$ 676,000	$ .14
Dividends paid	367,000	.08
Excess of earnings over dividends	$ 309,000	$ .06

*The figures for 1966 do not include those of the Aggregates Division which, prior to amalgamation on 9th November 1967, was operated by Acton Limestone Quarries Limited.

Management 1967

Executive Vice-President and Managing Director
J. J. Mather, Toronto

General Manager Production Operations
D. C. McDonald, Toronto



INDUSTRIAL MINERALS — Company's nepheline syenite processing plant in attractive setting at Nephton, Ontario.

KILEMBE COPPER COBALT LTD.

Blister copper production of the company's subsidiary in Uganda decreased approximately 10 per cent from the 1966 level. The decrease was mainly as a result of problems which arose in changing the mining methods from open stoping to cut-and-fill stoping. A shortage of qualified and experienced personnel, however, was also a contributing factor. The decrease in production together with a lower price received for copper — 56 cents Can. per pound in 1967 compared with 64 cents per pound in 1966 — resulted in substantially lower net earnings of $599,000 or 15 cents per share as against $3,435,000 or 89 cents per share in the prior year.

Production costs, which included shaft sinking expenditures of approximately $500,000, were considerably higher than in 1966.

Dividend disbursements of 25 cents per share in 1967 represented a substantial reduction from the $1.05 per share paid out in 1966. Working capital at December 31, 1967 was increased by approximately $424,000 over that of the previous year.

KILEMBE — Marketplace is a popular social and commercial centre for employees of Kilembe Mines Limited and their families. Company has more than 5,000 Ugandan employees.

A significant increase in ore reserves tonnage and grade resulted from favourable development work carried out at the property. Tonnage increased by some 144,000 tons, while grade increased from 1.91 per cent copper as at the end of 1966 to 2.04 per cent copper at December 31, 1967. The difficulties encountered over the past several years have been substantially overcome and the outlook for the future is more favourable than it has been for some time.

	As at December 31, 1967		
Capitalization	Outstanding	Held by Falconbridge	
Common shares	3,877,027	2,820,827	72.8%

	Year ended December 31	
Production	1967	1966
Tons milled	953,000	1,027,000
Blister copper produced — long tons	14,000	16,000
Financial (Consolidated)		
Net value of metals produced	$16,244,000	$19,588,000
Profit before amortization, depreciation and minority interest	3,894,000	8,074,000
Profit before minority interest	844,000	4,883,000
Earnings after all charges and minority interests	599,000	3,435,000
Dividends paid — 25¢ in 1967, $1.05 in 1966	969,000	4,071,000
Working capital	3,009,000	2,585,000

Falconbridge interest in		Per share of Falconbridge
Earnings after all charges	$ 436,000	$ .09
Dividends paid	705,000	.14
Excess of earnings over dividends	$ (269,000)	$ (.05)

Management 1967

Kilembe Copper Cobalt Ltd. President	G. T. N. Woodrooffe, Toronto
Kilembe Mines Limited Chairman and Managing Director	A. E. Pugsley, Kilembe, Uganda

LA LUZ MINES LIMITED

Consolidated net earnings in the fiscal year ended September 30, 1967, amounted to U.S. $4,736,000, equivalent to Can. $3.23 per share. This was lower than the U.S. $7,883,000 or Can. $5.36 per share for the year ended September 30, 1966. The earnings drop resulted almost entirely from a lower price received for copper sold during the year — 49 cents per pound in 1967 compared with 70 cents per pound in the preceding year.

Copper production was up approximately 670,000 pounds, while gold and silver production decreased approximately 13,300 ozs. and 25,400 ozs. respectively compared with the previous year. A strengthening of copper prices began in October, 1967, the first month of the company's current fiscal year, helping to offset lower production of copper during the period. Earnings for the three months ended December 31, 1967 amounted to 98 cents per share, up from 79 cents per share in the corresponding period of the prior year.

Operations at the La Luz gold mine continued on a break-even basis.

Two dividends of 75 cents per share each have been paid in the fiscal year to date.

Ore reserves at the Rosita copper mine as of September 30, 1967, amounted to approximately 656,000 tons, with an average grade of 2.70 per cent copper. This is down materially from the 1,274,000 tons, averaging 3.74 per cent copper, at the prior fiscal year-end. The decrease arises almost entirely from the fact that one area of the underground workings did not respond to development as anticipated. The present ore reserves are sufficient to support current operating levels for approximately two years.

Capitalization	As at December 31, 1967 Outstanding	Held by Falconbridge	
Common shares	1,580,759	920,794	58.3%

Production	Year ended September 30 1967	1966
La Luz		
Tons gold ore milled	653,000	661,000
Ounces gold produced	47,000	58,000
Pounds copper produced	644,000	661,000
Rosita		
Tons copper ore milled	334,000	311,000
Pounds copper produced	20,887,000	20,199,000

Financial (Consolidated)	(in U.S. funds)	
Net value of metals produced	$10,292,000	$14,663,000
Earnings before amortization and depreciation	5,510,000	8,723,000
Earnings after all charges	4,736,000	7,883,000
Dividends paid — (Can. $5.50 in 1967, Can. $4.50 in 1966)	8,043,000	6,610,000
Working capital	5,623,000	8,520,000

Falconbridge interest in		Per share of Falconbridge
Earnings after all charges	$ 2,761,000	Can. $ .61
Dividends paid	4,689,000	1.04
Excess of earnings over dividends	$ (1,928,000)	Can. $ (.43)

Management 1967

President	H. S. McGowan, Nassau, Bahamas
Manager, La Luz Mine	J. Plecash, Siuna, Nicaragua
Manager, Rosita Mine	C. L. Spencer, Siuna, Nicaragua

LAKE DUFAULT MINES LIMITED

Net earnings of $14,740,000, equal to $3.57 per share, were down from $18,858,000 or $4.56 per share in 1966, due primarily to the lower production of metals in concentrates. While tonnage was slightly in excess of the 1966 figure, the grade of ore treated was down sharply. The average price for copper settlements in 1967 remained steady at 49.4 cents per pound, compared with 49.2 cents per pound a year earlier. A trend towards higher prices at year-end 1967 has continued into the current year, the most recent settlement price being 58.5 cents per pound. Operating costs in 1967, including administrative and general, were 8 per cent lower than in the previous year.

Transloader at the company's mine in Quebec.

The extensive program of deep diamond drilling in the D-134 area of the property resulted in substantially higher exploration and development expenditures of $1,196,000, but results have given sufficient encouragement to warrant an underground development program. The sinking of a shaft in the D-134 area was announced in February, 1968, and preliminary work is already under way. This new program, together with the extensive surface exploration currently being conducted in other areas, will be financed from operating revenues. The substantial expenditures involved, together with the sharp decline of earnings anticipated over the next two to three years as ore reserves are exhausted, will necessitate the payment of dividends at a lower rate.

Dividend payments in 1967 of $4.00 per share were at the same rate as in 1966. An interim dividend of 50 cents per share was declared payable March 27, 1968.

A total of 493,000 tons of ore averaging 3.96 per cent copper and 8.51 per cent zinc were treated in the year. Ore reserves at year-end 1967 amounted to 1,006,000 tons, down 258,000 tons from the preceding year. The grade of reserves, however, dropped from 2.9 per cent copper and 5.8 per cent zinc at December 31, 1966, to 1.9 per cent copper and 2.7 per cent zinc at December 31, 1967.

	As at December 31, 1967		
Capitalization	Outstanding	Held by Falconbridge	
Common shares	4,134,750	2,111,630	51.1%

	Year ended December 31	
Production	1967	1966
Tons ore milled	493,000	489,000
Pounds copper produced	37,334,000	45,303,000
Pounds zinc produced	68,773,000	75,606,000
Financial		
Net value of metals produced	$21,589,000	$26,303,000
Profit before amortization and depreciation	16,964,000	21,027,000
Earnings after all charges	14,743,000	18,858,000
Dividends paid — $4.00 in 1967, $4.00 in 1966	16,539,000	16,539,000
Working capital	13,032,000	13,121,000

Falconbridge interest in		Per share of Falconbridge
Earnings after all charges	$ 7,534,000	$1.54
Dividends paid	8,447,000	1.73
Excess of earnings over dividends	$ (913,000)	$ (.19)

Management 1967

President — J. P. Millenbach, Toronto
Mine Manager — J. R. Smith, Noranda

MARBRIDGE MINES LIMITED

Earnings for the year amounted to $44,000, compared with $1,607,000 in the previous year. While the tonnage treated was down 38 per cent, the 2,211,000 pounds of nickel in concentrates produced fell sharply below the 7,181,000 pounds produced in 1966. This decrease of 70 per cent reflected the lower grade of ore milled.

Operating results in the latter part of 1967 were marginal. Ore reserves at the end of the year were considered sufficient for only a few more months of economic production, and it is expected that Marbridge operations will terminate by mid-1968.

	As at December 31, 1967		
Capitalization	Outstanding	Held by Falconbridge	
Common shares	3,000,000	1,500,000	50%

	Year ended December 31	
Production	1967	1966
Tons milled	79,000	129,000
Pounds nickel in concentrates	2,211,000	7,181,000
Financial		
Net value of metals produced	$1,588,000	$4,886,000
Earnings after all charges	44,000	1,607,000
Dividends paid	1,230,000	1,455,000
Working capital	761,000	1,933,000

Falconbridge interest in		Per share of Falconbridge
Net earnings after all charges	$ 22,000	$ —
Dividends paid	615,000	.12
Excess of dividends over earnings	$ (593,000)	$ (.12)

Management 1967

President R. C. Mott, Toronto
Mine Manager R. C. Staveley, Malartic, Quebec

NEW QUEBEC RAGLAN MINES LIMITED

An amendment to a 1965 agreement between Falconbridge Nickel Mines Limited, Bilson Quebec Mines Limited, New Quebec Raglan Mines Limited and its subsidiary became effective May 1, 1967. Under its terms, Falconbridge agreed to continue exploration and development work on the Raglan properties in consideration for newly created preferred shares of the subsidiary at the rate of one share for each dollar so expended. By year-end, Falconbridge had made expenditures under the agreement amounting to $2,106,000. The balance of expenditures made during the year, $218,000, was paid for by New Quebec Raglan. The company's properties are held under mineral exploration licenses which were renewed in 1967 for a further period of six years.

Approximately 41,000 feet of diamond drilling was completed during the year. While results of this work are considered encouraging, additional drilling and other exploration and development work will be necessary before the potential of the area can be fully assessed.

Facilities for an underground test of the Raglan area were well advanced during 1967, including a shaft sinking plant, diesel power equipment and other surface buildings. The shaft was collared to a depth of 55.4 feet. Studies carried out during the year indicated the magnitude of work required to assess the feasibility of commercial operations in this remote Ungava area of northern Quebec.

	As at December 31, 1967		
Capitalization	Outstanding	Held by Falconbridge	
Common shares — New Quebec Raglan Mines Limited	7,500,000	4,536,196	60.5%
Preferred shares — Raglan Quebec Mines Limited	Nil*		

*To December 31, 1967, expenditures had been incurred for which Falconbridge is entitled to receive 2,105,978 shares.

Management 1967

President H. J. Fraser, Toronto
Falconbridge Project Manager A. D. Mutch, Montreal, Quebec

OPEMISKA COPPER MINES (QUEBEC) LIMITED

Net earnings of $5,156,000 or 93.5 cents per share were the second highest in the company's history. In 1966, the record year, earnings reached $6,259,000 or $1.13 per share. A lower quantity of metals produced in concentrate, together with increased expenditures in all operating departments, resulted in the lower profit.

The increasing shortage of copper throughout the world resulted in a continuing firm price throughout the year. Opemiska received 48.6 cents per pound for copper settlements in 1967 compared with 47.1 cents in the previous year. This price trend has continued into 1968, the most recent settlement being 57.5 cents per pound. The lower tonnage treated in 1967 resulted chiefly from a two-week vacation shutdown period, initiated by the company in an attempt to offset the continuing shortage of qualified miners.

An extensive exploration and development program over the past three years resulted in a substantial improvement in ore reserves position at year-end 1967. Ore reserves at December 31, 1967 totalled 6,267,000 tons of 3 per cent copper, compared with 5,856,000 tons of 3.08 per cent copper at the previous year-end.

Dividend payments in 1967 totalled $4,412,000 or 80 cents per share, compared with $5,239,000 or 95 cents per share in the previous year, while working capital increased $1.2 million to $10,332,000 at December 31, 1967.

The company's collective bargaining agreement will expire March 31, 1968.

Capitalization	As at December 31, 1967 Outstanding	Held by Falconbridge	
Common shares	5,515,000	1,993,236	36.1%

Production	Year ended December 31 1967	1966
Tons ore milled	737,000	766,000
Pounds copper produced	41,533,000	44,649,000
Ounces gold produced	13,000	16,000
Ounces silver produced	267,000	282,000
Financial		
Net value of metals produced	$17,772,000	$18,916,000
Profit before amortization and depreciation	6,233,000	7,362,000
Earnings after all charges	5,156,000	6,259,000
Dividends paid — 80¢ in 1967, 95¢ in 1966	4,412,000	5,239,000
Working capital	10,332,000	9,131,000

Falconbridge interest in		Per share of Falconbridge
Earnings after all charges	$ 1,861,000	$ .38
Dividends paid	1,595,000	.33
Excess of earnings over dividends	$ 266,000	$ .05

Management 1967

President	J. P. Millenbach, Toronto
General Manager	H. C. Herz, Toronto
Mine Manager	F. G. Cooke, Chapais, Quebec

UNITED KENO HILL MINES LIMITED

The financial position of the company improved substantially during the year. Net earnings amounted to $1,857,000 or 75 cents per share, compared with $26,000 or 1 cent per share in the preceding year. This substantial improvement was due to lower mining and development costs and a higher silver price — $1.78 Can. per ounce in 1967, up from $1.39 Can. for 1966. Working capital at December 31, 1967, amounted to $7,754,000. This represents an increase of $2.6 million from the $5,145,000 position at December 31, 1966.

Estimated net profit for 1968 at this reduced rate is considered insufficient to absorb the costs of the two major exploration programs authorized for the year — Sadie Ladue and Husky. However, with funds available through non-operating revenue and depreciation, the company's cash flow should be sufficient to maintain the company's working capital position.

From January to July, 1967, the mine operated at a high level of production with a view to possible curtailment of operations. Some success in underground development work during the year improved the company's ore reserves position and a decision was made to continue operations at a reduced rate.

The work force was reduced and by the end of the year all camp facilities at this Yukon property were consolidated at Elsa, where the treatment plant is located. Currently production is coming from the Calumet mine.

A major underground development project was started in the Fall of 1967 to rehabilitate the old Sadie Ladue workings for evaluation and exploration.

Surface exploration indicated a favourable target on the Husky claim and the sinking of a 500-ft. exploration shaft was authorized. This work is scheduled to begin by the end of the first quarter 1968.

No dividends were paid by United Keno Hill in 1966 and 1967.

The company's labour contract will expire May, 1968.

Capitalization	As at December 31, 1967 Outstanding	Held by Falconbridge	
Common shares	2,470,000	1,195,989	48.5%

Production	Year ended December 31 1967	1966
Tons ore milled	106,000	120,000
Ounces silver produced	3,805,000	4,235,000
Pounds lead produced	15,469,000	16,648,000
Pounds zinc produced	10,872,000	12,000,000
Pounds cadmium produced	128,000	145,000
Financial		
Net value metal produced	$7,905,000	$7,551,000
Expenditures on exploration and development	395,000	429,000
Profit before depreciation	2,320,000	503,000
Earnings after all charges	1,857,000	26,000
Working capital	7,754,000	5,145,000

Falconbridge interest in		Per share of Falconbridge
Earnings after all charges	$ 899,000	$ .18

Management 1967

Vice-President and Managing Director	P. N. Pitcher, Toronto
General Manager	D. R. DeLaporte, Yellowknife, N.W.T.
General Superintendent	M. G. Stoner, Elsa, Yukon Territory

VENTRON CORPORATION

In 1967, Ventron completed its fifth year of expansion at an accelerated rate. Net profit was $619,000 or $1.55 per share compared with $436,000 and $1.19 the previous year. Dividends of 40 cents per share were at the same rate as in the previous year.

The company made several acquisitions in 1967. In July, the Magnion Division purchased Strand Labs. Inc., a company manufacturing a similar line of scientific instruments. In August, Ventron purchased the other half interest in its joint venture, Alfa Inorganics, Inc., manufacturer and distributor of inorganic and organometallic research chemicals. In November, Magnion purchased the Cahn Instrument Company of Paramount, California, one of the world's leading manufacturers of uniquely sensitive laboratory weighing instruments.

Internal growth accounted for much of the year's increase in sales and earnings, although a cutback in U. S. Government funding of fundamental research due to the Vietnam war effort retarded growth at the Magnion Division.

One of the highlights of the year was the excellent market acceptance of the company's radio remote control unit. It is used for controlling overhead cranes and other heavy duty equipment where environmental conditions such as safety are a factor.

	As at December 31, 1967		
Capitalization	Outstanding	Held by Falconbridge	
Common shares	404,001	162,538	40.5%

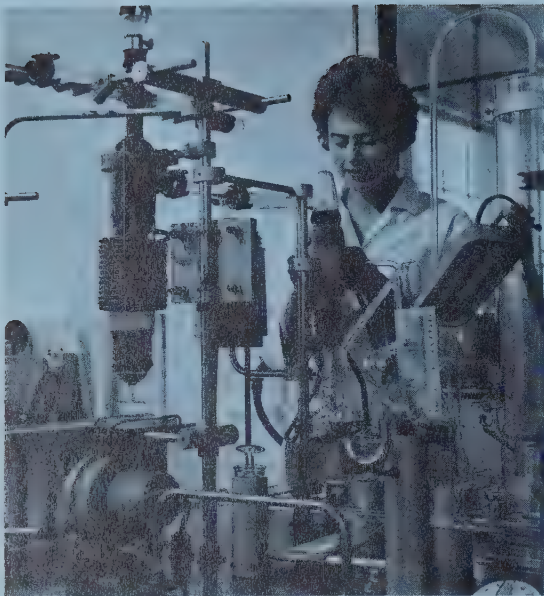
	Year ended December 31	
	1967	1966
Financial	(in U.S. funds)	
Net sales	$7,934,000	$5,072,000
Earnings after all charges	619,000	436,000
Dividends paid — 40¢ in 1967, 40¢ in 1966	158,000	149,000
Working capital	3,415,000	3,271,000

Falconbridge interest in		Per share of Falconbridge
Earnings after all charges	$ 248,000	$ .05
Dividends paid	65,000	.01
Excess of earnings over dividends	$ 183,000	$ .04

Management 1967

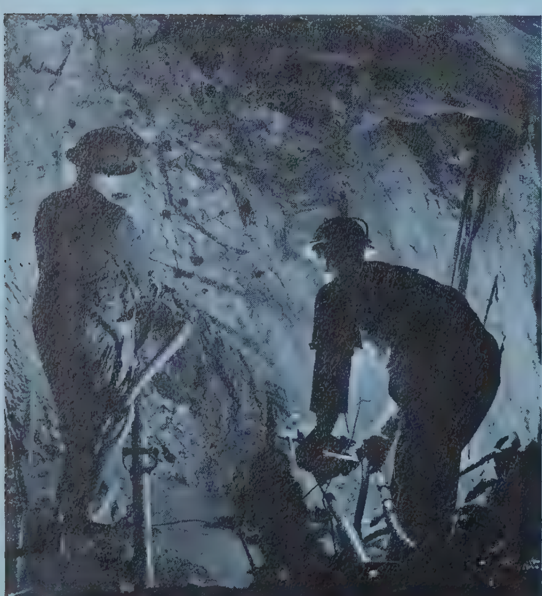
President M. C. Lauenstein, Jr., Beverly, Massachusetts, U.S.A.

NEW QUEBEC RAGLAN MINES LIMITED — Overland shipment of supplies and equipment arriving at Raglan area, April 1967, after 80-mile trip by tractor train from Deception Bay. Activity last year included 41,000 feet of diamond drilling at this nickel property in the Ungava area of northern Quebec. Facilities for an underground test of the Raglan area were also well advanced by year-end, including a shaft sinking plant, diesel power equipment and surface buildings. Two diamond drill rigs are visible beyond.



Research at the refinery

In the smelter, Falconbridge



Underground at Falconbridge Mine

TEN-YEAR REVIEW OF FINANCIAL DAT

ORE RESERVES — (tons)

OPERATIONS

Metal deliveries (pounds)
Nickel . . . .
Copper . . . .
Metal sales and other operating revenues . . . .
Operating profit from nickel operations before write-offs . . . . .
Income from investments . . . .
Development and preproduction expenditures written off . . . .
Depreciation . . . .
Expenditures on exploration, research and process development . . . .
Interest on long term liability . . . .
Income taxes — current . . . .
— deferred (2) . . . .
Earnings . . . .
Amount per share . . . .

DIVIDEND RECORD

Amount paid per share . . . .

CAPITAL EXPENDITURES

(including development and preproduction)
Nickel operations . . . .
Wesfrob Mines Limited — Tasu project . . . .

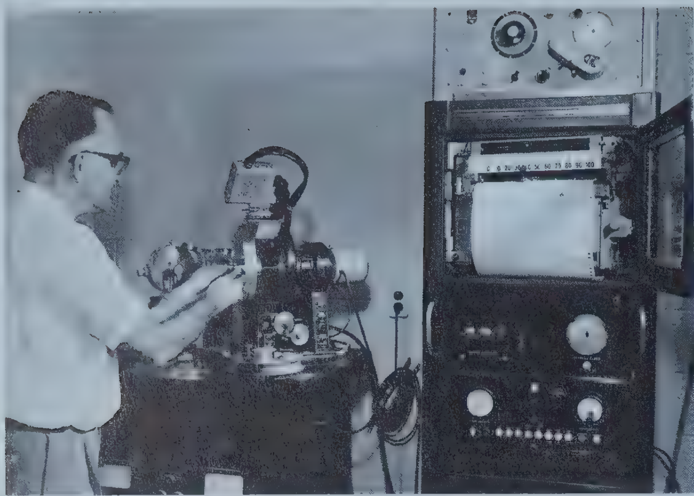
FINANCIAL POSITION

Working capital . . . .
Investment in subsidiary and other companies . . . .
Plant and properties — net . . . .
Long term debt less amount included under current liabilities . . . . . .
Shareholders' equity . . . .
Amount per share . . . .
Shares outstanding at end of year . . . .

(1) Includes sales of nickel purchased from the United States Government.
(2) The Company adopted deferred tax accounting effective January 1, 1964.

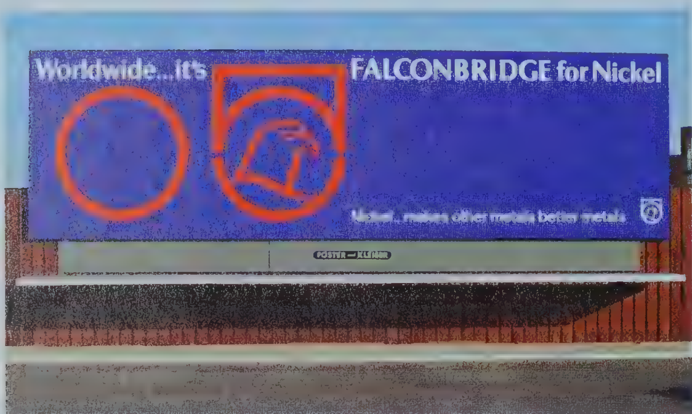
thousands)

1967	1966	1965	1964	1963	1962	1961	1960	1959	1958
55,708	55,717	55,260	52,236	51,322	48,263	46,247	46,089	46,182	43,893
74,754	78,963	72,984	78,485	53,245	61,061	65,546	65,002	58,413	48,509
32,401	32,872	33,813	25,102	28,690	33,831	38,817	36,012	32,728	30,896
94,442	$92,495	$82,840	$80,306	$59,764	$73,760	$76,312	$70,562	$64,147	$56,756
30,264	26,930	27,905	27,305	20,293	33,419	34,015	32,143	28,228	25,051
16,842	23,209	17,418	11,055	5,713	5,225	2,122	1,192	732	369
2,077	1,665	1,824	898	1,768	2,991	3,504	2,862	4,466	7,675
4,180	3,304	2,701	2,384	2,355	5,918	9,811	9,722	9,538	6,516
8,333	12,521	6,596	4,430	4,613	5,190	3,394	1,872	1,951	1,463
446	33	85	171	276	479	776	1,092	1,342	1,519
153	675	3,100	6,500	3,300	5,050	2,200	2,250	3,400	1,400
6,995	5,500	5,500	3,000						
25,792	27,725	26,768	21,965	14,288	19,833	16,968	16,065	8,448	7,053
5.26	$ 5.66	$ 5.47	$ 4.51	$ 2.94	$ 4.11	$ 4.49	$ 4.26	$ 2.25	$ 1.88
3.50	$ 3.50	$ 3.50	$ 2.80	$ 2.50	$ 2.50	$ 1.70	$ 1.50	$ 1.20	$ 1.20
44,226	$27,619	$11,874	$ 6,444	$ 6,794	$ 8,177	$ 9,813	$ 6,861	$ 4,254	$ 7,353
6,577	22,655	9,953	4,701	612	98				
1,357	$32,773	$55,416	$58,831	$69,668	$75,380	$45,848	$37,547	$27,959	$18,819
63,852	59,713	66,131	65,121	48,516	44,755	3,221	1,943	1,555	2,599
00,876	67,422	31,333	26,686	21,975	20,749	20,414	24,167	29,389	37,288
			1,000	2,000	4,000	6,000	11,000	17,092	23,125
96,361	187,157	172,621	160,894	146,275	142,834	68,304	57,399	46,716	42,770
40.04	$ 38.24	$ 35.29	$ 33.03	$ 30.15	$ 29.61	$ 18.06	$ 15.24	$ 12.44	$ 11.39
4,904	4,895	4,892	4,871	4,852	4,824	3,781	3,767	3,756	3,756



RESEARCH — Identifying minerals by X-ray analysis in Falconbridge Metallurgical Laboratories near Toronto.

ONAPING — With Hardy mine headframe in background, families in company town at Sudbury Operations enjoy the ski slopes



OUTDOOR ADVERTISING — Eye-catching painted bulletins, such as the one shown here in New York, effectively project the Falconbridge name and product in major business and industrial centres.

LA LUZ — Diamond drill crew at work on company property in Nicaragua.

OPEMISKA — Wagon drilling at the copper mine of this Falconbridge affiliate at Chapais, in the Chibougamau area of Quebec.

LAURENTIAN UNIVERSITY, SUDBURY — Impressive buildings on Laurentian campus reflect the growth of Sudbury, shown in background. The federated, bilingual University has prominent role in community life.

FALCONBRIDGE

SERVING WORLD NICKEL MARKETS through the following Sales Offices:

AUSTRALIA	Nickel & Nickel Alloys, 6th Floor — Griff House 324 Pitt Street, Sydney.
AUSTRIA	Braun & Braun Gesellschaft für Werksbedarf, Rosensteingasse 71, Vienna 17.
BELGIUM	Métaux Bruts Belges S.p.r.l., Oudaan 8/10, Antwerp.
CANADA	Falconbridge Nickel Mines Limited 7 King Street East, Toronto, Ontario.
DENMARK	AB Ferrolegeringar, Sveavägen 17, Stockholm, Sweden.
FINLAND	AB Ferrolegeringar, Sveavägen 17, Stockholm, Sweden.
FRANCE	Dieppedalle & Séailles, 39, Rue du Colisée, Paris 8e.
GERMANY (WEST)	Hütten Metall G.m.b.H. Neue Mainzer Strasse 40-42, Frankfurt Am Main.
HOLLAND	Brandeis, Goldschmidt & Co. Ltd. 30 Gresham St., London E.C. 2, England.
HONG KONG	Jardine, Matheson & Co. Ltd., Industrial Supplies Dept., 22 Pedder Street, Hong Kong.
INDIA	Metal Distributors Ltd. Binani Buildings, 38 Strand Road, Calcutta 1.
ISRAEL	Brandeis, Goldschmidt & Co. Ltd. 30 Gresham Street, London E.C. 2, England.
ITALY	"Victoria" S.p.A., Piazza della Vittoria, 4, Genoa.
JAPAN	Mitsubishi Shoji Kaisha Ltd. 20 Marunouchi 2-Chome, Chiyoda-ku, Tokyo.
LATIN AMERICA	Philipp Brothers (Canada) Ltd. 1245 Sherbrooke St. West, Montreal 25, Canada.
LUXEMBOURG	Métaux Bruts Belges S.p.r.l., Oudaan 8/10, Antwerp, Belgium.
NEPAL	Metal Distributors (U.K.) Ltd. 59/67 Gresham St., London E.C. 2, England.
NEW ZEALAND	Automatic Plating Equipment Co. (N.Z.) Ltd. 103 Newton Road, Auckland, C.3.
NORWAY	Falconbridge Nikkelverk A/S Kristiansand S.
PAKISTAN	Metal Distributors (U.K.) Ltd. 59/67 Gresham St., London E. C. 2, England.
RHODESIA	Barry Colne & Co. (Pty.) Ltd., 257 Main Street, Johannesburg, South Africa.
SOUTH AFRICA	Barry Colne & Co. (Pty.) Ltd. 257 Main Street, Johannesburg, South Africa.
SPAIN	Jorge Pascual S.A., Pje. Marques de Santa Isabel 40, Barcelona 5.
SWEDEN	AB Ferrolegeringar, Sveavägen 17, Stockholm.
SWITZERLAND	Voegeli & Co. Metalle, Inhaber J. Kade, Postfach 8032, Zûrich.
TAIWAN (FORMOSA)	Philipp Brothers (Canada) Ltd. 1245 Sherbrooke St. West, Montreal 25, Canada.
UNITED KINGDOM	Brandeis, Goldschmidt & Co. Ltd. 30 Gresham Street, London E. C. 2, England.
UNITED STATES	Falconbridge Nickel Mines Limited 7 King Street East, Toronto 1, Canada.

FALCONBRIDGE NICKEL MINES LIMITED

Offices	Head Office — 7 King Street East, Toronto 1, Ontario Main Office, Sudbury Operations — Falconbridge, Ontario Montreal Office — 1440 St. Catherine Street West, Montreal 25, Quebec Vancouver Office — 1112 West Pender Street, Vancouver 1, B.C.
Major Wholly-owned Subsidiaries	Fahralloy Canada Limited, Orillia, Ontario President and Managing Director — T. G. Beament Executive Vice-President — J. A. Wilson Wesfrob Mines Limited, 1112 West Pender Street, Vancouver 1, B.C. Vice-President — W. J. Tough Mine Manager — F. A. Godfrey, Tasu, Queen Charlotte Islands, B.C.
Sudbury Operations	Manager — G. A. Allen. Producing Mines — Falconbridge, East, Onaping, Hardy, Fecunis Lake, North. For Production 1968 — Strathcona Mine, Longvack South Mine. Under Development — Lockerby Mine. Concentrators — Falconbridge, Hardy, Fecunis Lake, Strathcona (1968). Smelter — Falconbridge. Pyrrhotite Plant — Falconbridge. Under Construction — Iron Ore Concentrator, Falconbridge (scheduled for operation late 1969).
Research Laboratories	Falconbridge Metallurgical Laboratories, Thornhill, Ontario; Falconbridge, Ontario; Kristiansand S., Norway. Lakefield Research of Canada Limited, Lakefield, Ontario (wholly-owned).
Exploration Offices	Toronto and Port Arthur, Ontario; Montreal and Noranda, Quebec; Winnipeg, Manitoba; Vancouver, B.C.
Refinery	Falconbridge Nikkelverk A/S, Kristiansand S., Norway. Manager — R. Jahnsen.
Lateritic Nickel Project	Falconbridge Dominicana, C. por A., Santo Domingo, Dominican Republic. General Manager — Ian H. Keith.
Products	Products of Falconbridge Nickel Mines Limited and affiliated companies include: Nickel, copper, cobalt, gold, silver, platinum, palladium, iridium, rhodium, ruthenium, selenium, lead, iron ore, zinc, cadmium, magnesium, titanium, calcium, nepheline syenite, silica, limestone aggregates, liquid sulphur dioxide, oil, natural gas; metal and chemical hydrides; technical materials and scientific instruments; carbon and high-alloy steel castings; and other products for consumer and industrial use.
Solicitors	Tilley, Carson, Findlay & Wedd, Toronto.
Auditors	Clarkson, Gordon & Co., Toronto.
Transfer Agents and Registrars	Crown Trust Company, Toronto, Montreal and Vancouver. Registrar and Transfer Company, New York and Jersey City, U.S.A.

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